

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

m

W- 02624A

Michael's Ranch Water User's Association  
1 MICHAELS RANCH ROAD  
SEDONA, AZ 86336

**RECEIVED**

MAY 10 2006

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2005
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Entered  
S-1506  
RF

FOR COMMISSION USE

ANN04	05
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## COMPANY INFORMATION

Company Name (Business Name) Michael's Ranch Water Users Association

Mailing Address 1 Michael's Ranch Rd.  
(Street)

Sedona  
(City)

AZ  
(State)

86336  
(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address None

Local Office Mailing Address Same as above  
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address SPIKESLOCOMB@ASTOUND.NET

## MANAGEMENT INFORMATION

Management Contact:

CHRIS VIGIL, PAM BROWN

(Name)

(Title)

300 MICHAEL'S RANCH  
(Street)

(City)

SEDONA

(State)

AZ

86336

(Zip)

928-203-0530

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

On Site Manager:

BOB PACULT CHRIS VIGIL, PAM BROWN

(Name)

300 MICHAEL'S RANCH

(Street)

(City)

SEDONA

(State)

AZ

86336

(Zip)

928-203-0530

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Martinez & Curtis, P.C.

(Name)

2712 North 7th St.

(Street)

(City)

AZ

(State)

85006-1090

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: William Sullivan

(Name)

2712 North 7th Street

(Street)

(City)

AZ

(State)

85006-1090

(Zip)

(602) 393-1700

Telephone No. (Include Area Code)

(602) 393-1703

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☒ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME****MICHAEL'S RANCH WATER USERS' ASSOCIATION****UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		5,000
304	Structures and Improvements	29,277	13,684	15,593
307	Wells and Springs	32,000	20,264	11,736
311	Pumping Equipment	15,815	10,060	5,755
320	Water Treatment Equipment	1,085	72	1,013
330	Distribution Reservoirs and Standpipes	47,730	30,141	17,589
331	Transmission and Distribution Mains	58,800	34,104	24,696
333	Services	3,500	2,218	1,282
334	Meters and Meter Installations	3,000	2,500	500
335	Hydrants	1,400	812	588
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>197,607</b>	<b>113,855</b>	<b>83,752</b>

This amount goes on the Balance Sheet Acct. No. 108

**COMPANY NAME****MICHAEL'S RANCH WATER USERS' ASSOCIATION****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights	5,000		
304	Structures and Improvements	29,277	3.33%	975
307	Wells and Springs	32,000	3.33%	1,066
311	Pumping Equipment	15,815	12.50%	1,977
320	Water Treatment Equipment	1,085	3.33%	36
330	Distribution Reservoirs and Standpipes	47,730	2.22% / 5.00%	1,636
331	Transmission and Distribution Mains	58,800	2.00%	1,176
333	Services	3,500	3.33%	117
334	Meters and Meter Installations	3,000	8.33%	250
335	Hydrants	1,400	2.00%	28
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>197,607</b>		<b>7,261</b>

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

**ULLMANN  
& COMPANY P.C.**  
Certified Public Accountants

RECEIVED

MAY 10 2006

AZ CORP COMM  
Director Utilities

To the Board of Directors of  
Michael's Ranch Water Users' Association  
Sedona, Arizona

We have compiled the balance sheet of Michael's Ranch Water Users' Association as of December 31, 2005 and 2004, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

*Ullmann & Company*

ULLMANN & COMPANY, P.C.  
Certified Public Accountants

March 28, 2006

**COMPANY NAME****MICHAEL'S RANCH WATER USERS' ASSOCIATION****BALANCE SHEET**

<b>Acct. No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 31,970	\$ 35,118
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	284	1,455
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$ 32,254</b>	<b>\$ 36,573</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 192,500	\$ 197,607
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	106,594	113,855
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$ 85,906</b>	<b>\$ 83,752</b>
	<b>TOTAL ASSETS</b>	<b>\$ 118,160</b>	<b>\$ 120,325</b>

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

**COMPANY NAME****MICHAEL'S RANCH WATER USERS' ASSOCIATION****BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ -	\$ -
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	392	90
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 392</b>	<b>\$ 90</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds		
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 392</b>	<b>\$ 90</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued		
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	117,768	120,235
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$ 117,768</b>	<b>\$ 120,235</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 118,160</b>	<b>\$ 120,325</b>



**COMPANY NAME****MICHAEL'S RANCH WATER USERS' ASSOCIATION****COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 25,521	\$ 23,337
460	Unmetered Water Revenue		
474	Other Water Revenues	213	147
	<b>TOTAL REVENUES</b>	<b>\$ 25,734</b>	<b>\$ 23,484</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ -	\$ -
610	Purchased Water	183	247
615	Purchased Power	3,146	2,158
618	Chemicals		
620	Repairs and Maintenance	2,578	2,498
621	Office Supplies and Expense	130	101
630	Outside Services	6,980	5,959
635	Water Testing	143	0
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	1,968	2,026
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	274	74
403	Depreciation Expense	6,898	7,261
408	Taxes Other Than Income		
408.11	Property Taxes	488	718
409	Income Tax	442	45
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 23,230</b>	<b>\$ 21,087</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$ 71	\$ 82
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	0	12
	<b>TOTAL OTHER INCOME/EXP</b>	<b>\$ 71</b>	<b>\$ 70</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 2,575</b>	<b>\$ 2,467</b>

<b>COMPANY NAME</b>	<b>MICHAEL'S RANCH WATER USERS' ASSOCIATION</b>
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**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 0</u>
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Meter Deposits Refunded During the Test Year	<u>\$ 0</u>
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COMPANY NAME

**WATER COMPANY PLANT DESCRIPTION**

**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55518864	7 1/2	50-60	680'	10" (0-20") 8" (0-680')	2	1987

\* Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	3	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
75,000 GAL	1	2,000	1

COMPANY NAME MICHAEL'S RANCH WUA

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	4500
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	20
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

FENCE AROUND WELL YARD. DRIVEWAY LEADING TO WELL YARD  
PUMP STATION BUILDING

OTHER:

1.5 HP COMPRESSOR

STORAGE TANK WATER LEVEL GAUGE + WARNING LIGHT

COMPANY NAME:

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

MONTH	NUMBER OF CUSTOMERS	(1,000 gal) GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	24	125.76	123.59
FEBRUARY		73.04	77.80
MARCH		124.66	131.40
APRIL		238.45	245.20
MAY		315.03	322.10
JUNE		404.70	418.20
JULY		555.49	557.50
AUGUST		306.89	308.30
SEPTEMBER		369.38	378.70
OCTOBER		346.85	343.60
NOVEMBER		285.94	278.80
DECEMBER		172.53	197.10
TOTAL		3318.72	3282.29

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes

☒ No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. .020 mg/l

(If more than one well, please list each separately.)

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**

SEDONA, AZ 86336

121  
01282204

512

Pay to the Order of Heads Valley Wood Contract \$35.00  
Cherry Tree 7/20/05  
 Date 9/26/05  
 Dollars 35  
 Memo Plant 05-1545  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Sept. 22, 2005  
 570  
 1221870760572 613532084 0000003500

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Sept. 22, 2005  
 570  
 Pay to the Order of Adrian Craig Custom Painting \$1500.00  
One Thousand Five Hundred & no/100  
 Dollars 1500  
 Memo Sept. 22, 2005  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Sept. 22, 2005  
 570  
 1221870760570 613532084 0000150000

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 12, 2005  
 575  
 Pay to the Order of Barb Jacobs, Vangelis Long Transfers \$718.06  
Seven Hundred Eighteen & 6/100  
 Dollars 718  
 Memo 9/17 20 970 0  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 12, 2005  
 575  
 1221870760575 613532084 0000071806

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 13, 2005  
 573  
 Pay to the Order of NPS \$186.00  
One Hundred eighty six & no/100  
 Dollars 186  
 Memo 3249922200  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 13, 2005  
 573  
 1221870760573 613532084 0000018600

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 18, 2005  
 576  
 Pay to the Order of Arizona Watersheds Service \$200.00  
Two Hundred & no/100  
 Dollars 200  
 Memo 2nd 11 103669  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 18, 2005  
 576  
 1221870760576 613532084 0000020000

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 12, 2005  
 574  
 Pay to the Order of Auto-Owners Insurance \$184.67  
One Hundred eighty-four & 67/100  
 Dollars 184  
 Memo 005884992  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 12, 2005  
 574  
 1221870760574 613532084 0000018467

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 20, 2005  
 577  
 Pay to the Order of Arizona Dept. of Revenue \$300.77  
Three Hundred & 77/100  
 Dollars 300  
 Memo Sept. sales tax  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date Oct. 20, 2005  
 577  
 1221870760577 613532084 0000030077

MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date 9/26/05  
 571  
 Pay to the Order of AP Waterwater Service \$200.00  
Two Hundred & no/100  
 Dollars 200  
 Memo Sept 12 123605  
 MICHAEL'S RANCH WATER USERS ASSOCIATION  
 BOX 1  
 SEDONA, AZ 86336  
 Date 9/26/05  
 571  
 1221870760571 613532084 0000020000

**COMPANY NAME** MICHAEL'S RANCH WATER USERS' ASSOCIATION **YEAR ENDING 12/31/2005**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 718

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

MAY 10 2006

AZ CORP COMM  
Director Utilities

**VERIFICATION**

STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>YAVAPAI</b>	
NAME (OWNER OR OFFICIAL) TITLE <b>CHRISTIE HARPER, TREASURER</b>	<b>HOWARD GREEN</b>
COMPANY NAME <b>MICHAEL'S RANCH WATER USERS' ASSOCIATION</b>	

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**


MONTH <b>12</b>	DAY <b>31</b>	YEAR <b>2006</b>
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**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

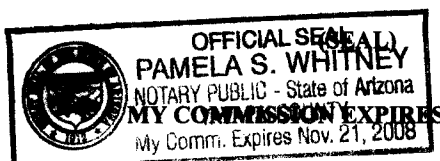
  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
**(928) 203-4939**  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** **25** **DAY OF**

COUNTY NAME <b>Yavapai</b>	
MONTH <b>April</b>	<b>.20 06</b>



  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

**11/21/08**



COMPANY NAME MICHAEL'S RANCH WATER USERS' ASSOCIATION YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>3</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>45</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

4/29/06  
DATE

Stephen Linsman  
PRINTED NAME

Pres  
TITLE

RECEIVED

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

MAY 10 2006

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>YAVAPAI</b>
NAME (OWNER OR OFFICIAL) TITLE <b>CHRISTIE HARPER, TREASURER</b> <i>HOWARD GREEN</i>
COMPANY NAME <b>MICHAEL'S RANCH WATER USERS' ASSOCIATION</b>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 24,727

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 1,243  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

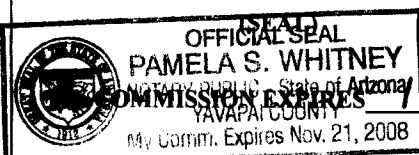
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 25 DAY OF

*[Signature]*  
SIGNATURE OF OWNER OR OFFICIAL  
*(928) 203-4939*  
TELEPHONE NUMBER

COUNTY NAME	<i>Yavapai</i>	
MONTH	<i>April</i>	<i>2006</i>

*Pamela S. Whitney*  
SIGNATURE OF NOTARY PUBLIC



*11/21/2008*

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

MAY 10 2006

AZ CORP COMM  
Director Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL)	CHRISTIE HADDER <i>HOWARD GRUBB</i>
TITLE TREASURER	
COMPANY NAME	MICHAEL'S RANCH WATER USERS' ASSOCIATION

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

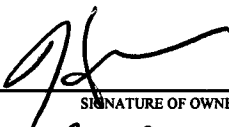
**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:**

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>24,727</u>

**(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 1,243  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
*(928) 203-4939*  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

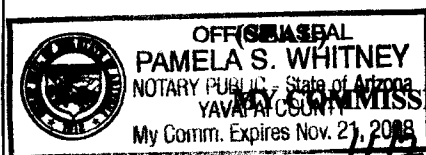
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

25

**DAY OF**

NOTARY PUBLIC NAME <i>Pamela S. Whitney</i>	
COUNTY NAME <i>Yavapai</i>	
MONTH <i>April</i>	20 <i>06</i>



**MY COMMISSION EXPIRES**  
*11/21/08*

**X**

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

4:25 PM

03/28/06

Accrual Basis

**Michael's Ranch Water Users Association**  
**Trial Balance**  
**As of December 31, 2005**

	Dec 31, 05	
	Debit	Credit
131.00 · Checking	35,117.45	
141.00 · Accounts Receivable	1,455.26	
303.00 · Land & Land Rights	5,000.00	
304.00 · Structures & Improvements	29,277.00	
307.00 · Wells & Springs	32,000.00	
311.00 · Pumping Equipment	15,815.44	
320.00 · Water Treatment Equipment	1,085.00	
330.10 · Storage Tanks	27,000.00	
330.20 · Pressure Tanks	20,730.00	
331.00 · Trans & Dist. Mains	58,800.00	
333.00 · Services	3,500.00	
334.00 · Meters	3,000.00	
335.00 · Hydrants	1,400.00	
108.00 · Accumulated Depreciation		113,855.00
236.00 · Income Tax Payable		90.00
215.00 · Retained Earnings		117,767.69
461.00 · Usage Charges		24,579.77
474.00 · Late Payment Charge		147.00
Utilities:610.00 · Irrigation Water	246.83	
Utilities:615.00 · Gas and Electric	2,158.00	
Repairs:620.10 · Equipment Repairs	2,250.00	
Repairs:620.20 · Landscape Maintenance	247.41	
621.00 · Office Supplies	100.91	
Professional Fees:630.00 · Utility Accountant	1,620.94	
Professional Fees:630.10 · Legal Fees	503.00	
Professional Fees:630.20 · Accounting	1,303.00	
Professional Fees:630.30 · Arizona Waste Services	2,531.47	
Insurance:657.10 · Liability Insurance	2,026.33	
675.15 · Licenses and Permits	10.00	
675.20 · Penalties	64.22	
403.00 · Depreciation Expense	7,261.00	
Taxes:408.00 · Sales Tax	1,242.44	
Taxes:408.11 · Property	718.06	
Taxes:409.20 · State	45.00	
419.00 · Interest Income		81.67
427 · Interest Expense	12.37	
<b>TOTAL</b>	<b><u>256,521.13</u></b>	<b><u>256,521.13</u></b>

4:24 PM

03/28/06

**Michael's Ranch Water Users Association  
Journal  
January through December 2005**

Date	Name	Memo	Account	Debit	Credit
12/31/2005		Adjust prior year retained earnings to actual	474.00 · Late Payment Charge	6.00	
		Adjust prior year retained earnings to actual	215.00 · Retained Earnings		6.00
				6.00	6.00
12/31/2005		Record 2005 depreciation	403.00 · Depreciation Expense	7,261.00	
		Record 2005 depreciation	108.00 · Accumulated Depreciation		7,261.00
		Record 2005 income tax liability	409.20 · State	45.00	
		Record 2005 income tax liability	236.00 · Income Tax Payable		45.00
				7,306.00	7,306.00
12/31/2005		Reclass income tax payments	409.10 · Federal		347.00
		Reclass income tax payments	236.00 · Income Tax Payable	347.00	
				347.00	347.00
12/31/2005	ARIZONA DEPARTMENT OF REVENUE	Reclass revenue	236.10 · Sales Tax Payable	1,117.21	
	ARIZONA DEPARTMENT OF REVENUE	Reclass revenue	461.00 · Usage Charges		1,117.21
				1,117.21	1,117.21
12/31/2005		Reclass penalties paid for incorrect 2002 AZ return	675.20 · Penalties	14.66	
		Reclass penalties paid for incorrect 2002 AZ return	409.20 · State		14.66
		Reclass interest paid to IRS	427 · Interest Expense	12.37	
		Reclass interest paid to IRS	675.20 · Penalties		12.37
				27.03	27.03
<b>TOTAL</b>				<b>8,803.24</b>	<b>8,803.24</b>